

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE:	:	CHAPTER 11
	:	
CDC CORPORATION,	:	CASE NO. 11-79079-PWB
	:	
Debtor	:	

**SEVENTH POST-CONFIRMATION STATUS REPORT
OF CDC CORPORATION AND THE LIQUIDATION TRUSTEE
FOR THE CDC LIQUIDATION TRUST**

COME NOW CDC Corporation (the “Debtor”) and Marcus A. Watson, the liquidation trustee for the CDC Liquidation Trust (the “Liquidation Trustee”), and hereby file this Post-Confirmation Status Report.

General Case Background and Plan of Reorganization

1. On October 4, 2011, the Debtor filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code commencing the above-captioned bankruptcy case (the “Bankruptcy Case”).

2. On September 6, 2012, the Bankruptcy Court entered an order (the “Confirmation Order”; Docket No. 551) confirming the “Second Amended Joint Plan of Reorganization for CDC Corporation” dated August 29, 2012 (as modified by the Confirmation Order, the “Plan”; Docket No. 542).¹ Thereafter, on December 19, 2012 (the “Effective Date”), the Plan became effective.

CDC Liquidation Trust

3. Under the Plan, the CDC Liquidation Trust was created on the Effective Date through the execution of the Liquidation Trust Agreement, dated December 19, 2012 (the

¹The Plan was jointly proposed by the Debtor and the Official Committee of Equity Security Holders for the Debtor in the Bankruptcy Case. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

“Liquidation Trust Agreement”). As a result, substantially all of the Debtor’s assets were transferred to the CDC Liquidation Trust. The Liquidation Trustee of the CDC Liquidation Trust is Marcus A. Watson.

4. On the Effective Date, Equity Interests in the Debtor were fixed and became non-transferable. Pursuant to the Plan, holders of Equity Interests were exchanged for Beneficial Interests in the CDC Liquidation Trust.²

Distributions from the CDC Liquidation Trust

5. On or about December 24, 2012, the CDC Liquidation Trust made its first distribution to holders of Beneficial Interests. The initial distribution equaled \$3.30 per Beneficial Interest (prior share).

6. On or about July 29, 2013, the CDC Liquidation Trust made its second distribution to holders of Beneficial Interests. The second distribution was comprised of the following: (i) a distribution of \$1.10425 per Beneficial Interest (prior share) to all holders of Beneficial Interests; and (ii) an additional distribution of \$0.28575 per Beneficial Interest (prior share) to all holders of Beneficial Interests other than Asia Pacific Online Limited (“APOL”), in accordance with that certain settlement agreement with APOL previously approved by the Bankruptcy Court.³ Thus, the total second distribution to holders of Beneficial Interests, exclusive of APOL, equaled \$1.39 per Beneficial Interest (prior share).

² The CDC Liquidation Trust was created for the primary purpose of liquidating and distributing Trust Assets to its Beneficiaries (the holders of Beneficial Interests in the CDC Liquidation Trust) and for paying Liquidation Trust Expenses in accordance with the Plan and Confirmation Order. The CDC Liquidation Trust is not intended to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary and consistent with the liquidating purpose of the Plan.

³ Under the settlement agreement entered into among APOL, the Debtor, and others, which was approved by order of the Bankruptcy Court entered August 16, 2012 (Docket No. 518), \$9 million was to be withheld from any distributions attributable to APOL’s Beneficial Interests and redistributed to the other holders of Beneficial Interests. The additional distribution of \$0.28575 per Beneficial Interest effectuated this redistribution.

7. On or about May 21, 2014, the CDC Liquidation Trust made its third distribution to holders of Beneficial Interests. The third distribution equaled \$0.60 per Beneficial Interest (prior share).

Status of Trust Assets

8. On August 12, 2014, the board of directors of DAE Advertising, Inc. (“DAE”), whose outstanding shares are 100% owned by the CDC Liquidation Trust, resolved to pay a cash dividend to the CDC Liquidation Trust in the amount of \$350,000.00.⁴ As a result, the CDC Liquidation Trust received \$350,000.00 from DAE on or about August 14, 2014. To date, the Liquidation Trustee continues to explore alternatives to realize value for DAE.

9. The Liquidation Trustee also continues to actively market the other remaining Trust Assets and to consider alternatives designed to realize maximum value therefrom.

Status of Disputed Claims Reserve and Claims Objections

10. A Disputed Claims Reserve in the amount of \$10,000,000.00 is being maintained by the Liquidation Trustee pending resolution of the Liquidation Trustee’s objections to Rajan Vaz’s proof of claim no. 27 and proof of interest no. 128 (collectively, the “Vaz Objection”).

11. On September 26, 2014, the Court entered an Amended Scheduling Order with regard to the Vaz Objection (the “Scheduling Order”; Docket No. 890). The Scheduling Order provides, *inter alia*, that the deposition of Mr. Vaz is to take place and conclude prior to November 7, 2014, third party depositions are to be completed by February 13, 2015, and discovery with regard to expert witnesses expires May 29, 2015.

12. At the request of the Liquidation Trustee, the Court has scheduled a Status Conference with respect to the Vaz Objection for September 30, 2014, to address the following:

(1) the current deadlines set forth with respect to the litigation and any revisions/extensions

⁴Because the CDC Liquidation Trust owns all the outstanding shares of DAE, the Liquidation Trustee is one of the two members of the DAE board of directors.

thereto; (2) trial scheduling, in light of the anticipated length of trial; and (3) the status of certain pending motions.

Reporting by the CDC Liquidation Trustee

13. Under the Liquidation Trust Agreement, the Liquidation Trustee is required to report on the CDC Liquidation Trust to the Liquidation Trust Oversight Board not less than quarterly. *See* Liquidation Trust Agreement, Section V.H. This Post-Confirmation Status Report is being filed in conjunction with this reporting requirement.

Dated: September 29, 2014
Atlanta, Georgia

LAMBERTH, CIFELLI, STOKES,
ELLIS & NASON, P.A.
Attorneys for the Debtor, and
CDC Liquidation Trust

By: /s/ Gregory D. Ellis
Gregory D. Ellis
Georgia Bar No. 245310
GEllis@lcsenlaw.com

3343 Peachtree Road NE, Suite 550
Atlanta, GA 30326
(404) 262-7373
(404) 262-9911 (facsimile)